

REPORT ON EXPENDITURES OF FEDERAL AWARDS

BAY COUNTY, MICHIGAN



YEAR ENDED DECEMBER 31, 2007



REHMANN ROBSON

Certified Public Accountants

BAY COUNTY, MICHIGAN
REPORT ON EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007
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BAY COUNTY MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

-FEDERAL AGENCY- FLOWTHROUGH AGENCY -GRANT TITLE-	FEDERAL C.F.D.A. NUMBER	GRANT NUMBER	GRANT PERIOD	FEDERAL AWARDS EXPENDED
Federal Emergency Management Agency				
Passed Through Michigan Department of State Police				
Emergency Management Assistance	97.042	N/A	10-01-06 to 09-30-07	\$ 10,376
Emergency Management Assistance	97.042	N/A	10-01-07 to 09-30-08	4,952
FEMA Hazardous Mitigation- Planning for Bay	97.039	N/A	08-23-04 to 12-31-06	(1,123)
Total Federal Emergency Management Agency				14,205
U.S. Department of Transportation				
Passed Through Michigan Department of Trans.				
Highway Planning & Construction	20.205	PL88088	10-01-06 to 09-30-07	89,764
Highway Planning & Construction	20.205	PL100996	10-01-07 to 09-30-08	24,499
Federal Transit Administration	20.205	FTA 88098	10-01-06 to 09-30-07	16,146
Federal Transit Administration	20.205	FTA 100998	10-01-07 to 09-30-08	8,828
Passed Through Office of Highway Safety Planning				
Enforcement Grant	20.600	PT-07-40	11-17-06 to 09-30-07	29,664
Enforcement Grant	20.602	PT-07-40	11-17-06 to 09-30-07	3,694
Safe Communities	20.600	PT-08-17	10-01-07 to 09-30-08	1,178
Safe Communities	20.601	PT-08-17	10-01-07 to 09-30-08	3,161
Total U.S. Department of Transportation				176,934
U.S. Department of Agriculture				
Passed Through Michigan Department of Community Health				
Women, Infants & Child Supp. Food	10.557	XX4W1006	10-01-06 to 09-30-07	288,028
Women, Infants & Child Supp. Food	10.557	XX4W1006	10-01-07 to 09-30-08	38,992
Women, Infants & Child Supp. Food- special project	10.557	2006W1011	10-01-06 to 09-30-07	2,265
WIC Farmers Market Nutrition Program	10.572	N/A	06-01-07 to 12-31-07	12,114
Passed Through Michigan Department of Education				
Juv. Home-National School Breakfast	10.553	90008002	07-01-07 to 06-30-08	3,524
Juv. Home-National School Breakfast	10.553	90008002	07-01-06 to 06-30-07	4,031
Juv. Home-National School Lunch	10.555	90008002	07-01-07 to 06-30-08	6,661
Juv. Home-National School Lunch	10.555	90008002	07-01-06 to 06-30-07	7,805
Total U.S. Department of Agriculture				363,420
U.S. Department of Commerce				
Passed Through Mich. Dept. of Environmental Quality				
Coastal Zone Management Admin. Awards	11.419	N/A	01-01-07 to 03-31-08	29,108
Environmental Protection Agency				
Passed Through Mich. Dept. of Environmental Quality				
Bathing Beach Monitoring Grant	66.429	N/A	10-01-06 to 10-31-07	6,685
Survey - Section 104(b) (3) Clean Water Act	66.436	N/A	10-01-06 to 9-30-07	11,500
Operation Certification Reimbursement Grant	66.471	N/A	10-01-06 to 9-30-07	200
Total Environmental Protection Agency				18,385

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U.S Department of Health & Human Services				
Passed Through Michigan Department of Human Services				
IV-D ADC Incentive-Friend of Court	93.563	N/A	10-01-06 to 12-31-07	\$ 202,943
Cooperative Reimbursement-F.O.C.	93.563	CS/FOC-07-09001	10-01-06 to 09-30-07	725,647
Cooperative Reimbursement-F.O.C.	93.563	CS/FOC-08-09001	10-01-07 to 09-30-08	196,435
Cooperative Reimbursement-Pros.	93.563	CS/PA-07-09002	10-01-06 to 09-30-07	77,725
Cooperative Reimbursement-Pros.	93.563	CS/PA-08-09002	10-01-07 to 09-30-08	21,569
Passed Through Michigan Office of Serv. to Aging & Region VII Area Agency on Aging				
Respite	93.044	N/A	10-01-07 to 09-30-08	543
Respite	93.044	N/A	10-01-06 to 09-30-07	2,059
Homemaking	93.044	N/A	10-01-07 to 09-30-08	3,583
Homemaking	93.044	N/A	10-01-06 to 09-30-07	8,085
Homemaking-Care Management	93.044	N/A	10-01-07 to 09-30-08	20
Personal Care	93.044	N/A	10-01-06 to 09-30-07	872
Personal Care	93.044	N/A	10-01-07 to 09-30-08	224
Case Coordination	93.044	N/A	10-01-07 to 09-30-08	18,643
Case Coordination	93.044	N/A	10-01-06 to 09-30-07	35,731
Federal C1 Congregate Meals-AAA	93.045	N/A	10-01-07 to 09-30-08	22,591
Federal C1 Congregate Meals-AAA	93.045	N/A	10-01-06 to 09-30-07	58,721
Home Delivered Meals-AAA	93.045	N/A	10-01-07 to 09-30-08	27,121
Home Delivered Meals-AAA	93.045	N/A	10-01-06 to 09-30-07	72,353
Caregiver Training	93.052	N/A	10-01-07 to 09-30-08	4,630
Caregiver Training	93.052	N/A	10-01-06 to 09-30-07	10,259
Health Promotion	93.043	N/A	10-01-07 to 09-30-08	2,901
Health Promotion	93.043	N/A	10-01-06 to 09-30-07	3,305
Caregiver Supplemental Services	93.052	N/A	10-01-07 to 09-30-08	1,168
Caregiver Supplemental Services	93.052	N/A	10-01-06 to 09-30-07	5,281
Kinship Care	93.052	N/A	10-01-07 to 09-30-08	1,300
Kinship Care	93.052	N/A	10-01-06 to 09-30-07	1,450
Federal CI Congregate Meals-NSIP	93.053	N/A	10-01-07 to 09-30-08	7,099
Federal CI Congregate Meals-NSIP	93.053	N/A	10-01-06 to 09-30-07	20,486
Home Delivered Meals-NSIP	93.053	N/A	10-01-07 to 09-30-08	19,640
Home Delivered Meals-NSIP	93.053	N/A	10-01-06 to 09-30-07	59,203
Millage Meal Sites - NSIP	93.053	N/A	10-01-07 to 09-30-08	360
Millage Meal Sites - NSIP	93.053	N/A	10-01-06 to 09-30-07	1,142
Passed Through Saginaw County				
Michigan Works!	93.561	WF 67611-95570-07	10-01-06 to 09-30-07	32,523
Michigan Works!	93.561	WF 67611-95570-08	10-01-07 to 09-30-08	10,906
Passed Through State Court Administrative Office				
Federal Access and Visitation Grant	93.597	N/A	10-01-06 to 09-30-07	1,166
Federal Access and Visitation Grant	93.597	N/A	10-01-07 to 09-30-08	495

BAY COUNTY MICHIGAN
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FOR THE YEAR ENDED DECEMBER 31, 2007

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U.S Department of Health & Human Services (continued)				
Passed Through Children's Trust Fund				
0-3 Secondary Prevention	93.558	CTFPR-02-09001	10-01-06 to 09-30-07	\$ 81,520
0-3 Secondary Prevention	93.558	CTFPR-02-09001	10-01-07 to 9-30-08	29,486
Passed Through Mich. Dept.. of Community Health				
Family Planning	93.994	B1MIMCHS	10-01-06 to 09-30-07	11,389
Family Planning	93.994	B1MIMCHS	10-01-07 to 09-30-08	4,835
Family Planning	93.217	05HOOO173	10-01-06 to 09-30-07	54,751
Family Planning	93.217	05HOOO173	10-01-07 to 09-30-08	23,242
CSHSC-Outreach & Advocacy	93.994	B1MIMCHS	10-01-06 to 09-30-07	15,972
CSHSC-Care Coordination	93.778	B1M1MCHS	10-01-06 to 09-30-07	4,300
MSS/ISS - Local MCH	93.994	B1MIMCHS	10-01-06 to 09-30-07	49,077
MSS/ISS - Local MCH	93.994	B1MIMCHS	10-01-07 to 09-30-08	17,447
Bioterrorism	93.283	CCU517018	10-01-06 to 09-30-07	186,080
Bioterrorism	93.283	CCU517018	10-01-07 to 09-30-08	30,242
Immunization Action Plan	93.268	H23CCH522556	10-01-06 to 09-30-07	32,168
Immunization Action Plan	93.268	H23CCH522556	10-01-07 to 09-30-08	10,560
Immunization/Vaccines	93.268	H23CCH522556-01-4	10-01-06 to 09-30-07	800,519
Immunization Centralized Vaccine	93.268	H23CCH522556	10-01-07 to 09-30-08	4,008
VFC Provider Site Visits	93.268	H23CCH504477	10-01-06 to 09-30-07	3,200
Total Health & Human Services				3,016,975
Department of Justice				
Passed Through Michigan Dept. of Human Services				
JAG - Justice Assistance Grant Program	16.738	2007-DJ-BX-0853	10-01-06 to 09-30-10	21,032
Functional Family Therapy	16.540	JJCS1-06-09001	03-01-06 to 02-28-07	33,105
Juvenile Justice and Delinquency Prevention	16.540	JPA 07-09001	06-01-07 to 12-31-07	8,258
Juvenile Accountability Incentive Block Grant	16.540	JAIBG-04-09001	04-01-05 to 03-31-06	(483)
Passed Through Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	N/A		439
Passed Through Michigan Department of Comm.Health				
Victims of Crime Act (VOCA)-Abuse Intervention	16.575	20745-7V04	10-01-06 to 09-30-07	47,113
Victims of Crime Act (VOCA)-Abuse Intervention	16.575	20745-8V06	10-01-07 to 09-30-08	14,432
Bay Area Narcotics Enforcement Team-Prosecutor	16.738	ODCP70909-7-07-B	10-01-06 to 09-30-07	10,651
Bay Area Narcotics Enforcement Team-Prosecutor	16.738	ODCP70909-8-08-B	10-01-06 to 09-30-07	6,335
Bay Area Narcotics Enforcement Team-Sheriff	16.738	ODCP70909-7-07-B	10-01-06 to 09-30-07	22,517
Bay Area Narcotics Enforcement Team-Sheriff	16.738	ODCP70909-8-08-B	10-01-07 to 09-30-08	9,764
Total Department of Justice				173,163

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Department of Homeland Security				
Passed Through Michigan Department of State Police				
Hazardous Materials Emergency Preparedness LEPC	20.703	N/A	10-01-06 to 09-30-07	\$ 3,009
2006 SHSGP Region 3	97.067	06 SHSGP	07-01-06 to 09-30-08	217,724
2006 LETPP Region 3	97.067	06 LETPP	07-01-06 to 09-30-08	25,217
2006 CITIZENS CORPS Region 3	97.067	06 CCP	06-01-07 to 11-01-08	3,069
2003 Domestic Preparedness Strategy	16.007	03 SHSGP	05-01-03 to 06-04-04	(1,312)
2005 Homeland Security CBRNE	97.067	05 SHSP	10-01-04 to 03-31-07	287,251
2005 Homeland Security CBRNE	97.067	05 LETPP	10-01-04 to 03-31-07	50,212
Total Department of Homeland Security				<u>585,170</u>
U.S. Department of Labor				
Passed Through Saginaw County				
MI Works! Incumbent Worker Training Agreement	17.259	0607-23	02-22-07 to 06-30-07	1,115
MI Works! Incumbent Worker Training Agreement	17.258	0607-23	02-22-07 to 06-30-07	1,026
MI Works! Incumbent Worker Training Agreement	17.260	0607-23	02-22-07 to 06-30-07	2,202
Total U.S Department of Labor				<u>4,343</u>
U.S. Department of Housing & Urban Development				
Passed Through Michigan State Housing Development Authority				
Bay Co. Housing Assistance Program	14.239	MSC2006-0757-HOA	01-01-06 to 12-31-07	<u>228,859</u>
U.S. Department of Education				
Passed Through Michigan Dept. of Education/Bay-Arenac ISD				
Maternal & Infant Support - Early On Part C of IDEA	84.181	1348/199	07-01-06 to 06-30-07	25,683
Maternal & Infant Support - Early On Part C of IDEA	84.181	1348/199	07-01-07 to 06-30-08	29,799
Total U.S. Department of Education				<u>55,482</u>
Total Expenditures of Federal Awards - Primary Government				<u>\$ 4,666,044</u>

Notes:

(1) The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Bay County and is presented on the modified accrual basis of accounting. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 25, 2008

Board of Commissioners
County of Bay
Bay City, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **County of Bay, Michigan** as of and for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. We did not audit the financial statements of the Bay County Housing Fund and the Medical Care Facility, which are major fund opinion units; the financial statements of the Bay County Road Commission Component Unit, which represents 62.12% of the assets and 51.18% of the revenues of the aggregate discretely presented component units; and the financial statements of the Bay County Department of Water and Sewer, which represents 22.01% of the assets and 18.86% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Fund, Medical Care Facility, Road Commission and Department of Water and Sewer, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Bay County Housing Fund and the Medical Care Facility, the Bay County Road Commission Component Unit, and the Bay County Department of Water and Sewer, as described in our report on the **County of Bay, Michigan's** financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **County of Bay, Michigan's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ***County of Bay, Michigan***'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the ***County of Bay, Michigan***'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ***County of Bay, Michigan***'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the ***County of Bay, Michigan***'s financial statements that is more than inconsequential will not be prevented or detected by the ***County of Bay, Michigan***'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the ***County of Bay, Michigan***'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ***County of Bay, Michigan***'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of ***County of Bay, Michigan*** in a separate letter dated June 25, 2008.

This report is intended solely for the information and use of the governing Board, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Lehmann Johnson".



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

September 10, 2008

Board of Commissioners
County of Bay
Bay City, Michigan

Compliance

We have audited the compliance of the *County of Bay, Michigan* with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The *County of Bay, Michigan's* major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the *County of Bay, Michigan's* management. Our responsibility is to express an opinion on the *County of Bay, Michigan's* compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the *County of Bay, Michigan's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *County of Bay, Michigan's* compliance with those requirements.

In our opinion, the *County of Bay, Michigan* complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the *County of Bay, Michigan* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the *County of Bay, Michigan's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Bay*, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the *County of Bay's* basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not required as part of the financial statements of the *County of Bay*. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the financial statements of the Bay County Housing Fund and the Medical Care Facility, which are major fund opinion units; the financial statements of the Bay County Road Commission Component Unit, which represents 62.12% of the assets and 51.18% of the revenues of the aggregate discretely presented component units; and the financial statements of the Bay County Department of Water and Sewer, which represents 22.01% of the assets and 18.86% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Fund, Medical Care Facility, Road Commission and Department of Water and Sewer, is based on the reports of the other auditors.

This report is intended solely for the information and use of the governing Board, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

BAY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

*Unqualified on
financial statements*

Internal controls over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified not
considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial
statements noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified not
considered to be material weaknesses?

_____ yes X none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required to
be reported in accordance with Circular A-133,
Section 510(a)?

_____ yes X no

Identification of Major Programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.268
97.067 and 16.007

Immunization Grants
Homeland Security Grants

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

BAY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no findings in the prior year.